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## **BIWEEKLY REPORT**

# **SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS**

EIC WGR 1/198

9 September 1963

PREPARED BY THE WORKING GROUP  
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events  
23 August - 5 September 1963

According to reports [redacted] Czecho-  
slovakia is seeking to open a commercial office in Peru and Communist  
China is seeking to establish such a mission in Uruguay.

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A nine-man Soviet survey team has completed a study of potential industrial sites in Ethiopia at the invitation of the Ethiopian Minister of Industry and Commerce. The team is said to have reported on the feasibility of several projects which, if approved in Moscow, would be financed under the \$100 million Soviet credit extended to Ethiopia in 1959.

Somali Prime Minister Abdirascid announced on 3 September that Communist China had offered him a loan equivalent to about \$20 million and a grant of budgetary support equal to about \$3 million. The Prime Minister said that the Chinese also offered technical assistance and other aid that he could not then reveal. In view of Somali's budgetary difficulties and strong domestic demand for aid from any quarter, acceptance of the Chinese offer is probable.

The Polish Government is reported to have offered Burma a \$10 million credit for the purchase of complete industrial plants and equipment. The credit is for 8 years at an annual rate of interest of 2.5 percent. It is not known whether the government of Burma will accept the Polish offer. Such an acceptance would mark the entry of Poland into economic aid to Burma.

On 29 August the governments of Pakistan and Communist China signed an air agreement that affords Pakistan air traffic rights in Canton and Shanghai. Communist China received rights at Dacca or, alternatively,

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at Karachi or Lahore. The ultimate aim of Pakistan International Airlines would be through-service to Japan, without which the route would not be economically justifiable. It is unlikely, however, that a Pakistani-Japanese air service via Communist China will in fact be inaugurated.

On 30 August, Pakistan and the USSR signed a barter agreement according to which Pakistan will export about \$1 million in raw jute in exchange for railroad ties of the same value. This is the first positive Pakistani response to recent Soviet overtures for increased trading relations.

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